

DRAFT

Fish & Wildlife

Policy Manual

EXTERNAL comments will be considered if submitted by September 12, 2003.

Notes in bold italics are intended to provide background information in understanding this draft of the F&W Policy Manual and will be removed when this version of the manual is finalized.

August 21, 2003 update: The external comment period has been extended to September 12, 2003 (was August 30, 2003). No other pages of this July 24, 2003 draft have been revised.

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SCOPE

BPA is committed to timely processing and consistent implementation of Fish and Wildlife contract and financial assistance agreements. This policy manual is a tool to meet that commitment. It is intended primarily for BPA's contractors, COTRs, and program managers. It does not supercede the provisions of any individual contract or financial assistance agreement but does provide more detail about related policies and procedures.

Chapter 1 MULTI-YEAR CONTRACTING PROGRAM

The non-shaded portions of this chapter contain either:

- 1. policies/procedures that have already been adopted, or*
- 2. new policies. These will be revised and issued as final policy by September 30, 2003.*

The shaded portions of this chapter contain a preliminary draft of BPA's proposed Multiyear Contracting Program. BPA will provide additional opportunities for comment prior to development of a final policy and implementation of this program.

A. Introduction

BPA is committed to finding efficiencies in the F&W contracting process in order to improve timeliness and consistency. A multi-year contracting program is a critical component of that effort. Expected benefits include:

- a. better integration with NWPPC processes, including the Provincial Review process,
- b. increased the emphasis on "work performed" rather than "dollars spent,"
- c. reduced administrative costs for contractors, BPA, and others
- d. increased incentives to manage projects in a more cost-effective manner

B. General Policy

BPA will develop a plan to transition from the current contract process that awards contracts on an annual basis to a process that negotiates contract budgets and statements of work for the entire proposal duration but establishes annual contract spending caps limiting BPA's current fiscal year financial exposure.

C. Specific Policy

Following are the key components of the Multi-year Contracting Program

1. Pre-Award through Award:

(a) Provincial Review:

- (1) Conducted every 3 years
- (2) Project Proposals are received describing work to be done for up to 3 years
- (3) Project Proposals include annual budget numbers for up to 3 years
- (4) After CBFWA, ISRP, BPA and Council review, Council recommends to BPA the projects it believes should be funded

(5) BPA reviews Council recommendations, determines which projects to fund

(b) BPA Project Manager/COTR will request the proposed Contractor to submit all documents necessary to negotiate and award a contract.

i. A statement of work (SOW) for the full term proposed through the Provincial Review (up to a maximum of 36 months);

ii. A budget for all proposed tasks to be accomplished during the full term (up to 36 months);

iii. A work schedule that describes the work start and end dates of each of the tasks in the SOW and that identifies an estimated cost of each of the tasks in the SOW;

iv. Any other information determined necessary by the CO and Project Manager/COTR to fully evaluate the SOW, budget, and work plan and negotiate a contract.

Internal guidance: BPA Project Manager will work with KEC staff to establish environmental compliance needs for the project, and with TBL to establish lands tasks as appropriate.

(c) BPA Project Manager/COTR and CO will review together the contractor's proposed statement of work, work schedule, and budget documents making one list of questions or concerns, if necessary, that then are asked of the Contractor all at the same time. **(NEW)**

(d) BPA CO, Project Manager/COTR and potential Contractor will negotiate the full contract statement of work, budget, and work schedule. **(New)**

Internal guidance: BPA Project Manager works with KEWB staff to ensure work orders have been established, that funds are available for the balance of the first fiscal year, and that funds (Spending Caps) have been appropriately forecast over all the following years of the contract period to adequately pay for costs incurred in the performance of the planned work. **(New)**

(e) BPA CO awards contract for the whole proposed project as finally negotiated. The full SOW and budget will be awarded but a Fiscal Year spending cap will be established to limit spending to the amount necessary to cover work planned from the date of award through the end of September (fiscal year end). **(New)**

2. Contract Administration (After Award):

- (a) The Contractor-submitted Work Schedule will be used by the COTR to monitor work progress and financial progress of the contract. See Chapter 3.4 for details.

Note: the following shaded subparagraphs are conceptual and will be revised in collaboration with the Council, CBFWA, and others.

- (b) At the first indication that work schedule changes will occur that will change which fiscal year costs will be accrued, the Project Manager will work with KEWB to ensure: (New)
 - i. In the case of a delay of work (and assuming the work is still needed) - funds are earmarked for the year in which the cost will occur. The funds that will no longer be needed for the current fiscal year's work will then be available to the F&W program budget for re-allocation to other critical work
 - ii. In the case of an acceleration of work - funds are available in the current fiscal year's program budget to pay for the acceleration before acceleration is approved. If the acceleration requires an adjustment in the Spending Cap, the COTR shall submit a Contract Change Request to the Contracting Officer requesting an increase in the contractor's Spending Cap. (New)
- (c) As specific out-year tasks that are within the scope of the original Council recommended and BPA-approved project become more definitive the SOW (and budget, if necessary) should be updated by contract amendment. There is no set date for when the SOW and contract amendment should occur, but as a minimum the contract must be amended before work that is within the scope of the original Council-recommended and BPA –approved project but not identified in the original contract is allowed to begin. As the SOW, and possibly, budget is being updated in a contract amendment, the Work Schedule shall also be updated to ensure all tasks on the revised SOW are incorporated into the Work Schedule and that no other change in work schedule has occurred. (New)

3. Spending Cap (Accrual Limit)

- (a) A Spending Cap will be established for each fiscal year of each contract. The Contractor is expected to perform the work planned for the fiscal year, within any contractually established Spending Cap.
 - i. The initial Spending Cap will be established at the time of contract award based on the amount of funds needed to accomplish the work the contractor has planned from the date of award through the following September 30.
 - ii. Spending Caps for subsequent October through September work periods will be based on the work planned for accomplishment during each October

through September work period. The Spending Cap will be based on a negotiated and updated (as necessary) work schedule. **Internal Guidance: The updated schedule will reflect the value and schedule of accomplishing the work planned through the following September 30.**

- (b) If the Contractor's total actual and forecasted expenditures are expected to exceed the Spending Cap before September 30 of each year the Contractor must give notice, in writing, to the Contracting Officer through the COTR requesting authorization for additional funds (see clause 22.XX in subsection 5, below).
 - i. BPA will consult with the Council during BPA's quarterly program status review as one of the projects needing additional funding. This will generally occur during the quarterly program status review, as projects that are under spending are reconciled with those that need additional funding.

Internal Guidance: The Manager of Finance, Budget, and Information Technology will notify the COTR of the availability of additional funds.
 - ii. If funds are available the COTR will prepare a Contract Change Request requesting the CO to increase the current Spending Cap.. This may or may not require the addition of funds to the contract
 - iii. If funds are not available the COTR will notify the CO and the Contractor that additional funds are not available. The COTR will then work with the Contractor to help prioritize tasks or otherwise help the contractor determine which work can continue and not exceed the Spending Cap. All activities that could cause the total costs to exceed the Spending Cap shall be stopped immediately.
- (c) BPA may, but is not obligated to, authorize additional funds by increasing the amount of the Spending Cap.
 - i. The Contractor is not authorized to accrue expenses under the contract that exceed any established Spending Cap without prior written approval of the Contracting Officer.
 - ii. BPA will not reimburse the Contractor for any expenditures exceeding the established Spending Cap without prior written authorization.
- (d) BPA will authorize additional funds by establishing (by contract amendment) the next fiscal year's Spending Cap equal to the amount of the remaining budget necessary to accomplish the tasks planned through September 30 of the following year. This contract amendment will be generated by the contractor's notification of the need for additional funds rather than occurring on any specific recurring date.

- i. If there are no other changes to the contract necessary, the amendment to establish the next year's Spending Cap and authorize additional expenditures will be issued unilaterally based on the already negotiated budget and planned work schedule.

4. Implementation Plan for Multi-year Contracting Program:

Beginning sometime after January 2, 2004, as existing contract periods end, the existing contracts will be allowed to expire and new contracts will be put in place with the new contract provisions and extended contract performance periods as appropriate.

- i. New contracts will be put in place with contract performance periods that extend through the remainder of the current Provincial Review decisions.
- ii. No cost time extensions will be allowed on existing contracts where an additional short time frame is needed to complete a few tasks under the existing contract and budget. The purpose of such extensions is to allow the new statement of work and budget to cover new work.
- iii. As future Provincial Reviews are conducted, contracts will be awarded for the full period proposed and approved through the Provincial Review up to a maximum of 36 months.
- iv. From January 2, 2004, forward it is expected that contracts will terminate at the end of the final contract performance period (up to 36 months and any necessary time extensions that may occur during performance). For long-term ongoing projects, new contracts will be established every 3 years. It is expected that contracts with the same contractor for the same or similar work will not continue beyond 3 years at which point a new contract would be issued.

5. Spending Cap Clauses

The following clauses will be added to new contracts and existing contracts when they are amended.

SCHEDULE OF ITEMS

SETTING THE SPENDING CAP (ACCRUAL LIMITATION)

With this (new contract)/(contract amendment), BPA acknowledges the 12-month statement of work and budget submitted by the Contractor. The 12-month budget is \$_____ for the period __ through _____. Nevertheless, pursuant to this (contract renewal)(new contract), BPA's obligation extends only to funds authorized. BPA is authorizing funds by setting an initial contract Spending Cap of \$__ for the period of the date of award through the following September 30. BPA expects the Contractor to perform, according to the statement of work, within this Spending Cap through the period ending September 30. If the Contractor's total actual and forecasted

expenditures are expected to exceed the Spending Cap before September 30, the Contractor must give notice, in writing, to the Contracting Officer requesting authorization for additional funds in accordance with the attached Clause, 22.##, Accrual Ceiling Limitation (Spending Cap). If the notice is given prior to September 30, BPA may, but is not obligated to, authorize additional funds by increasing the amount of the Spending Cap. BPA shall authorize additional funds by establishing a subsequent Spending Cap when additional funds are needed. This subsequent Spending Cap shall be equal to the amount in the 12-month budget not previously distributed. Similarly, if the notice is given that a subsequent Spending Cap may be exceeded, BPA may, but is not obligated to, authorize additional funds by increasing the amount of any subsequent Spending Cap. The Contractor is not authorized to accrue expenses under the contract that exceed the Spending Cap without prior written approval of the Contracting Officer. BPA will not reimburse the Contractor for any expenditures exceeding a designated Spending Cap without prior written authorization.

22.XX SPENDING CAP (Accrual Limitation)

Notwithstanding contract clause 22.7:

- (a) The Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this contract within the established Spending Cap (Accrual Limitation)..
- (b) For purposes of determining if and when the:
 - **Spending Cap** will be exceeded, the Contractor shall include all actual and forecasted expenditures under this contract, both direct and indirect, for the period beginning with the date the contract is amended to include the current year Statement of Work and Budget through September 30 or through the last day of the performance period, whichever is earlier, whether or not already invoiced or paid.
 -
- (c) Notification of CO. The Contractor shall continuously monitor its expenditures and compare them against the Spending Cap (or any subsequent Spending Cap) to ensure the established limitation is not exceeded. The Contractor shall notify the CO, in writing, as early as possible if the sum of the actual and forecasted expenditures is expected to exceed the Spending Cap (or any subsequent Spending Cap).
- (d) Notification Requirements:
 - **Spending Cap:** If the Contractor anticipates that the Spending Cap will be exceeded prior to September 30, as part of the notification, the Contractor shall indicate to the CO the reasons its expected expenditures will exceed the Spending Cap and the amount of the adjustment to the Spending Cap needed to continue performance through September 30.
 - **Subsequent Spending Cap:** If the Contractor anticipates that any Subsequent Spending Cap will be exceeded prior to the end of the performance period, as part of the notification, the Contractor shall indicate to the CO the reasons its expected expenditures will exceed the Subsequent Spending Cap and the amount of the adjustment to the Subsequent Spending Cap needed to continue performance through the end of the performance period.

- (e) Accrual Limit.
- BPA is not required to reimburse the Contractor for costs incurred in excess of the Spending Cap or any subsequent Spending Cap.
 - The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur expenses in excess of the Spending Cap or any subsequent Spending Cap until the CO notifies the Contractor in writing that the limitation has been increased. Any costs incurred by the Contractor in excess of the Spending Cap are at the contractor's risk, as the costs may not be reimbursed by BPA.
- (f) Only the CO has the authority to adjust or modify the Spending Cap. No notice, communication, or representation from any person, other than the CO, shall affect the limitation in this contract.

Chapter 3.2 Unauthorized Work

Note: The following Chapter will be revised and issued as final policy by September 30, 2003.

A. Introduction

BPA intends to develop policies and procedures to ensure that contracts are awarded on a timely basis and that incidents of contractors who are either working without a contract or only a written authorization are a rarity. The following general policy is intended as the first step of several that are needed to meet this goal.

B. General Policy

BPA will no longer authorize Contractors to work without benefit of a fully executed contract or financial assistance agreement unless explicitly approved in advance and in writing by both the Contracting Officer and the F&W Manager (or delegate.) BPA will not pay for any work performed prior to such advance authorization.

- i. A fully executed contract is defined as one that includes a negotiated SOW and budget for the full contract period, includes all applicable contract terms and conditions, and is signed by both the BPA Contracting Officer and the Contractor.
- ii. COTRs shall not encourage or otherwise knowingly allow a contractor to begin performance without a fully executed contract.
- iii. COTRs shall not approve for payment any invoices submitted for work performed by the contractor prior to receiving a fully executed contract or the advance approval described above. Any invoices submitted for work performed prior to receipt of a fully executed contract shall either be rejected or will be modified to disallow that portion that is a reimbursement of work prior to receipt of a fully executed contract.

3.4 Work Schedules

Note: The following Chapter will be revised and issued as final policy by September 30, 2003.

A. Introduction

A Work Schedule is a simple plan that combines the key elements of the Statement of Work and Budget for a contract into a time schedule. For Fish and Wildlife contracts, it is also used to ensure funding (which is established by BPA's fiscal year) is allocated appropriately to the contract activities and to track work performed and spending over time. See Chapter 1, section C2 for additional information regarding work schedules under the multiyear contracting program.

B. General Policy

Work Schedules will be used:

1. As a high level planning tool to ensure a mutual understanding between the COTR and the Contractor, of the work to be performed under a contract, when it will be performed, and the expected cost of each task.
2. As a tool for monitoring planned contractor performance against actual performance
3. As a tool for monitoring the rate of planned contract expenditures against actual expenditures
4. As a tool for proactive funding planning by the contractor and Project Manager, i.e., as delays occur that indicate work will be performed in a subsequent fiscal year, the updated Work Schedule will provide information critical to knowing how much money needs to be made available in a subsequent fiscal year. It will also keep the contractor and Project Manager informed of any potential need to accelerate tasks, or other changes that may indicate a need to coordinate budget discussions to determine if additional funds can be made available during the current fiscal year to accommodate the identified need.
5. To determine the spending caps that will be established for each fiscal year of the contract (or portion thereof).

C. Specific Policy

1. Contractors must submit a draft Work Schedule when initial documents are requested to negotiate and award a contract or contract renewal (i.e., with the SOW and contract budget.)
2. Work schedules are intended as a high level planning tool and should not include more detail than necessary for the contractor and COTR to develop an overall plan before award and assess progress after work begins.
3. A Sample Work Schedule is shown in Exhibit 3.4. The contractor may use any planning tool (e.g., Microsoft Project, Excel, etc.) as long as the minimum requirements identified below are met. A Work Schedule template is posted on the F&W Website (under "Information for F&W Contractors").

4. Work Schedules shall include the following:

- Contractor Name
- Contract Number
- Project Number
- Contract Start and End Date
- Name and Phone Number of person who prepared Work Schedule
- Date Work Schedule was prepared
- Identification of each objective and task
- Start and End date for each task (month range is acceptable)
- An estimated budget amount for each task, allocated to the fiscal year(s) (ends September 30) in which the work is expected to occur.

Costs that are allocated across multiple tasks (e.g., indirect rates or equipment used in multiple tasks) may be either listed as a separate line item or allocated among the appropriate tasks.

5. The Contractor-submitted work schedule shall be used by the COTR to monitor work progress and financial progress of the contract. COTRs shall review the Work Schedule with the Contractor at least monthly (via telephone or in person) to keep informed of progress and to request revisions to the schedule as appropriate. COTR's are encouraged to have this discussion when reviewing the monthly invoices. **Internal guidance: A check list/contract administration diary for ensuring consistent information will be developed.**

Internal guidance: The managers of COTR's will routinely review file documentation to ensure data is consistently gathered and maintained in the COTR Contract Administration files.

6. All contract renewals after October 1, 2003 will be bilaterally modified at their annual renewal date to add a clause regarding work schedules. The clause will be similar to the text shown below.

Principles of Work Schedule Clause:

The contractor shall update the work schedule whenever estimated dates for completion of major milestones change or costs change more than 10%. Although this may occur any time during the year, it is particularly important to do so if changes occur that impact upcoming

1. Provincial Reviews or
2. Spending Cap for the next BPA fiscal year.

Exhibit 3.4 Sample Work Schedule for BPA Project

BPA Project Number:		Contract Start:	2/1/2004			Prepared By:
BPA Contract Number:		Contract End:	1/1/2005			Date Prepared:
Contractor:		Duration:	12 Months			
					10/2003 to 9/2004	10/2003 to 9/2004
Task Nbr.	Task	Task Start Date	Task End Date	Estimated Total Budget By Task	Estimated FY'04 Budget By Task	Estimated FY'05 Budget By Task
I. PLANNING AND DESIGN						
1	Identify and Develop Restoration Opportunities					
1a	Work with landowners and agencies to develop opportunities and partnerships primarily on private lands	2/1/04	1/31/05	\$4,000	\$3,300	\$700
2	Compile and analyze data, identify gaps, conduct assessments					
2a	Conduct office/field review of project areas: compile existing data, develop maps, perform assessments	2/1/04	8/1/04	\$4,000	\$4,000	\$0
2b	Identify data gaps, conduct necessary field surveys to document existing conditions/fill data gaps	2/1/04	8/1/04	\$4,000	\$4,000	\$0
3	Establish site-specific goals/objectives to address limiting factors					
3a	Develop project goals and objectives with landowner/other agencies to address resource concerns and limiting factors.	2/1/04	3/1/04	\$4,000	\$4,000	\$0
4	Complete project design, implementation schedule, and budget.					
4a	Draft standardized GRMWP project proposals defining existing conditions, goals and objectives, restoration strategies, and funding needs.	8/1/04	1/31/05	\$8,600	\$3,000	\$5,600
4b	Participate in technical committee project review and prioritization for GRMWP.	8/1/04	9/30/04	\$2,000	\$2,000	\$0
5	Conduct NEPA, ESA, and permitting planning and documentation.					
5a	Prepare/coordinate development of NEPA documentation, BA's under ESA for T&E species and cultural resource investigations.	8/1/04	1/31/05	\$6,050	\$1,000	\$5,050
5b	Prepare documentation and checklists to cover project level DSL/Corps 404 permits, etc.	8/1/04	1/31/05	\$5,500	\$1,500	\$4,000
6	Prepare for project construction and implementation.					
6a	Prepare construction contract requests for proposals, conduct project site reviews, develop construction	8/1/04	1/31/05	\$12,000	\$8,000	\$4,000
7	CBFWA coordination					
7a	Coordinate project development and regional anadromous fish and wildlife issues.	2/1/04	1/31/05	\$8,000	\$6,500	\$1,500
II. CONSTRUCTION AND IMPLEMENTATION						
1	Restore and/or enhance instream and floodplain habitat.					
1a	Continue coordination with new landowner on previous Alta Cuhna Ranch/Upper McCoy Creek Project.					
1b	Prepare for implementation on Meadow Creek portion of McCoy Meadows. Project construction likely to occur in 2004.					
1c	Implement Longley Meadows Restoration Project					

SECTION 6.1 ALLOWABLE AND UNALLOWABLE COSTS

Note: The following Chapter will be revised and issued as final policy by September 30, 2003.

A. Introduction

OMB Circular A-87 and BPI Appendix 13A describe which costs are allowable and unallowable under contracts with state, tribal, local governments, other nonprofit organizations, and commercial organizations. These costs can accrue as either direct costs to specific contracts or as indirect costs. Direct costs are defined as any cost that can be identified with a specific contract. Indirect costs are defined as any cost that cannot be identified with a specific contract and instead benefits or supports multiple contracts or multiple cost objectives. A contractor may sometimes recover costs that are disallowed as a direct cost if the cost benefits more than one specific contract and is otherwise allowable as an indirect cost. The contractor would need to include these costs in their proposal to the cognizant audit agency that establishes their indirect rates for billing for work performed under government contracts. If approved, the established indirect rate would then include a compensation for these costs.

B. General Policy

1. COTRs are not allowed to authorize direct costs that are specifically disallowed by (OMB Circular A-87, BPI Appendix 13A). Contact the Contracting Officer or Internal Audit for additional advice or clarification.
2. If a cost is not specifically disallowed by OMB Circular A-87 or BPI Appendix 13A, the Manager for Fish and Wildlife (or delegate) has the authority to determine how program dollars are spent and will determine specific policy for which costs will be allowed as a direct expense of contracts supporting the Fish and Wildlife program.
3. Fish and Wildlife policy regarding allowable direct costs is included herewith in the BPA Fish and Wildlife Policy document.
4. Generally, costs will only be authorized that are clearly in direct support of the tasks identified in the contract Statement of Work.
5. COTRs shall not authorize direct costs that are specifically disallowed by this Fish and Wildlife Policy unless specific written approval is received from the Manager for Fish and Wildlife (or delegate).

C. Specific Policy

In order to extend program accomplishments as far as possible and to provide consistent guidance to our contractors, the following policies are established as to what will be allowed as a direct charge against a contract in support of the Fish and Wildlife program. Disallowed costs may be incurred as a cost share by the contractor or (assuming it is allowed by OMB A-87 or BPI Appendix 13A) it may be incurred as an indirect expense if it benefits multiple contracts and is approved by the Cognizant Audit Agency in the negotiated indirect cost rates.

1. **Uniforms:** Uniforms are not allowed as a direct cost unless the uniforms are necessary for the performance of the contract requirements and have been approved in the budget.

2. **Fundraising:** Costs incurred in support of fundraising activities are not allowed as a direct cost. Time spent on grant applications or co-funding is allowable if the approximate amount of time is identified in the Statement of Work.
3. **Lobbying:** In no situation will a contractor be allowed to use BPA F&W program funds to finance lobbying activities.
4. **Conference Attendance:** Costs incurred in attending conferences shall be allowed as a direct cost only when the conference attendance is in direct support of meeting a BPA contract requirement and has been specifically approved in the negotiated contract SOW and budget. Generally conference attendance directly supports BPA objectives when the contract is for research, studies, or evaluation projects and information transfer is a key objective of the contract.
5. **Participation in Meetings:** Costs incurred in participating in meetings shall be allowed as a direct cost only when the meeting attendance directly benefits the BPA contract or otherwise directly supports BPA administrative activities. (Examples of allowable meetings include: a. Attendance at a contract workshop put on by BPA for the F&W contractors; b. yearly planning meetings for annual operations plans for hatcheries; c. coordination plans for multiagency projects.
6. **Training:** BPA expects the contractor to employ skilled staff and that the individuals assigned to the project will already have the skills necessary to complete the work requirements. Training is generally not allowed as a direct cost and should be recovered as an indirect cost only if approved by the cognizant audit agency. In rare cases, training may be an allowable direct cost if the training is unique to the particular project, not applicable to other contracts, and is included in the approved budget and SOW.
7. **Fringe Benefits:** These rates are negotiated at the time of contract award. Rates may change during the contract period as a result of increased or decreased costs such as a change in employee health benefit costs. Unless the Contracting Officer has specifically capped the fringe benefit rate, BPA is obligated to pay any increased costs – to the extent they are reasonable. The CO shall be notified immediately if the fringe benefit rate changes during the contract period. In the event valid costs cause the rate to go up, the COTR should discuss with the contractor what efficiencies or other cost savings can be implemented so that the same work gets accomplished with no increase in the overall contract ceiling.
8. **Indirect Costs:** These costs are negotiated by either the CO at the time of contract award or by the Cognizant Audit Agency as an approved indirect cost rate. The contractor cannot bill a different rate than the current approved indirect cost rate. If the Cognizant Audit Agency negotiates a new rate during the contract period, BPA is obligated to pay the indirect costs at the new approved rate (note: the rates go up and down). The contractor shall notify the CO immediately if the indirect cost rate changes during the contract period. In the event the rates go up, the COTR should discuss with the contractor what efficiencies or other cost savings can be implemented so that the same work gets accomplished with no increase in the overall contract ceiling. . Note: If an indirect rate proposal has been submitted to the Cognizant Audit Agency but not yet approved, the Contractor may elect to include the proposed Indirect rate in their budget. The budget may be approved with a proposed (not yet approved) indirect rate which will become the actual rate during the budget period. However, the contractor can only bill

BPA at the earlier approved rate (not the proposed rate). When a revised rate is approved, the contractor shall bill for any balance due or credit BPA for any overcharges.

SECTION 6.2 SUBMITTAL OF A PROPER AND TIMELY INVOICES

Note: The following Chapter will be revised and issued as final policy by September 30, 2003.

A. Introduction

Contractors are accountable for submitting proper and timely invoices. This section defines a proper invoice and identifies invoicing policies for payment terms, invoice frequency, and timely submittal of invoices.

B. General Policy

BPA Fish and Wildlife will no longer manually process and correct improper invoices. In an effort to move toward electronic transaction processing, contractors will be responsible for submitting proper invoices for payment. Improper, non-itemized and/or incomplete billings will be returned to the contractor without processing for payment until a corrected invoice is received.

Additionally, in an effort to increase consistency and reduce administrative complexity of the BPA Fish and Wildlife program, BPA will:

- Limit the frequency of payment processing to once a month,
- Establish payment terms that are practical by BPA's payment process, and
- Establish a standard for timely submittal of invoices of "Net 30."

C. Specific Policy

1. **Proper Invoice:** A proper invoice is defined as one that includes all of the information and documentation described in the contract clause in Section D, below:
2. **Allowable costs:** Allowable costs shall be determined in accordance with the applicable cost principles and are subject to the limitation of the contract ceiling and any Spending Cap that may be established in the awarded contract.
3. **Maximum Invoice Frequency:** Contract invoices shall be submitted no more frequently than monthly unless the benefit to contractor and cost to BPA are adequately evaluated by the CO, the contract price/ceiling reflects appropriate consideration of these costs and benefits, and is approved in the awarded contract.
4. **Prompt Invoice Submittal:** The contractor shall submit invoices promptly. Invoices shall be submitted no more than 90 days after performance of the work. If the contractor is unable to submit an invoice within 90 days, the contractor shall describe the reason for the delay in writing to the COTR/PM who shall forward it to the Contracting Officer. If acceptable the CO will provide written authorization for submittal of a late invoice. Any invoice received after 90 days after work completion that has not received prior approval by the CO will be treated as a "non-routine request for payment". Non-routine request for payment will require review of spending levels, work accomplishment to date, and program funding levels. This review could require additional negotiation or partial termination of other work tasks to accommodate payment of the non-routine request for

payment. Payment terms specified elsewhere in this contract (e.g., Net 30, etc.) do not apply to the payment of non-routine requests for payment.

5. **Payment Terms:** Payment terms of less than Net 30 shall not be included in contracts unless the benefit to contractor and cost to BPA are adequately evaluated by the CO, the contract price/ceiling reflects appropriate consideration of these costs and benefits, and is approved in the awarded contract.
6. **Invoice Numbers:** A unique invoice number is required. Number must be unique for a contractor for all contracts with BPA, not unique within a contract. For example, Invoice #12345 from contractor "A" cannot be received on two separate contracts – it must be a unique number and used only once at BPA.
7. **Interest Charges:** Invoices must not include any interest charges for timeliness of payment.
8. **Credits:** Refunds or credits to BPA as a result of previous errors in billing, overpayments, or other rebates or refunds shall be applied by the contractor to the invoice submitted immediately following the identification of the need to issue a refund, credit, or rebate to BPA. Do not submit the refund or credit as a check or cash if the contract is currently active. Separate statements to BPA indicating a credit amount to be applied by BPA to offset future payments will no longer be accepted by BPA. If the contract is closed, contractors will not be able to offset the refund or credit against the existing contract. Only in this case will contractors be allowed to submit a check.
9. **Revised Invoices:** If the contractor needs to correct or revise a previously submitted but not yet paid invoice, the contractor –agency shall note on the corrected or revised invoice: "Corrected/Revised Invoice – Corrects invoice #_____ previously submitted." The revised invoice must have a revised invoice date.
10. **Billing Periods:** BPA will reject any invoice without a billing period (dates work was performed). The invoice will be returned if it includes a billing period that covers more than one contract period or fiscal year (i.e., work performed prior to September 30 should be billed on one invoice and work performed on October 1 or later should be billed on a separate invoice.) Invoices for utilities (gas, electric, etc.) are exempt from this requirement.
11. **Release of Claims:** Before final payment under the contract, the Contractor shall execute and deliver a release of all claims against BPA prior to final payment. The Contractor shall submit an invoice marked "Final Invoice", as the last invoice under the contract. Acceptance of all work under the contract and payment of that invoice shall fulfill all of BPA's obligations under the contract.
12. **Electronic Funds Transfer:** The F&W contractors will use electronic funds transfer as the primary payment method to comply with Bonneville Purchasing Instructions 22.6, which states "Electronic funds transfer (EFT) shall be the primary payment method for contract invoice and contract financing payments as required by 31 U.S.C. 3332(e), with limited exceptions." BPI Clause 22-20, Electronic Funds Transfer Payment shall be included in all contracts and intergovernmental contracts. Electronic Funds Transfer will be approved to no more than 1 EFT account number per Vendor name and location.
13. **Ceilings and Spending Caps:** Invoices that exceed the contract ceiling or Spending Cap will be rejected in full and returned to the contractor without payment.

D. Contract Clauses and Implementation Strategy

1. All contract renewals after October 1, 2003 will be bilaterally modified at their annual renewal date to

- (a) limit the number of invoices to no more than one per month
- (b) modify the payment clause to require the contractor to release BPA of future contract claims in exchange for final payment in a stated amount
- (c) change payment terms to Net 30 where applicable.

2. A payment clause will be unilaterally added to all IGC's starting in late September 2003 when spending caps for the FY04 period are established. Until December 31, 2003, BPA will continue to correct and pay contractor invoices under current practices and will notify contractors of needed corrections to ensure they know how to submit a timely invoice starting January 1, 2004. The clause will be similar to the text shown below.

Principles of IGC Payment Clause:

(a) The contractor shall submit timely and proper invoices in arrears. Invoices shall be submitted no later than 90 days after the work is performed (see (b) below). Additionally, the contractor shall submit proper invoices for work performed to:

Bonneville Power Administration
(CO Fill-in) Attention Line
(CO Fill-in) Street Address
(CO Fill-in) city, State, Zip

A proper invoice must include all of the following information:

- 1. Name of contractor; (must reasonably match the name on the contract);
- 1. Contractor address (only when not set up as Electronic Funds Transfer);
- 2. Invoice date;
- 3. BPA contract number;
- 4. Fish and Wildlife project number
- 5. Contractor invoice number (must be a number unique to the contractor and not used on any other invoice with BPA or any other customer);
- 6. Invoice Billing Period (e.g., For work performed during the period of June 1 through June 30, 2003)
- 7. Shipping terms, if applicable (i.e., FOB Destination)
- 8. Payment terms (i.e., Net 30);
- 9. Contact name, title and telephone number;
- 10. **For non-cost reimbursement contracts:** Description (including, for example, contract line/sub-line number), price, and quantity of goods and services rendered;
- 11. **For cost reimbursement contracts:** Documentation required under section (c), below.

(b) The contractor shall submit invoices promptly. Invoices shall be submitted no more than 90 days after performance of the work. If the contractor is unable to submit an invoice within 90 days, the contractor shall contact the Contracting Officer and let the CO know the reason for the delay. If acceptable the CO will provide written authorization for submittal of a late

invoice. Any invoice received after 90 days of work completion that has not received prior approval by the CO will be treated as a “non-routine request for payment”. Non-routine request for payment will require review of spending levels, work accomplishment to date, and program funding levels. This review could potentially require additional negotiation or partial termination of other work tasks to accommodate payment of the non-routine request for payment. Payment terms specified elsewhere in this contract (e.g., Net 30, etc.) do not apply to the payment of non-routine requests for payment.

(c) For **Cost Reimbursement Intergovernmental Contracts**, the contractor will supply an itemized listing of expenditures for each budgetary line item set forth in the approved budget, showing as a minimum:

Line Item Description	Minimum Documentation Required:**	Generally Not Required unless the CO or COTR determines more detailed information is needed.
Salaries – direct labor only	A list by labor category showing the hours worked and hourly rate for each labor category. This must be consistent with the labor categories shown in the awarded budget.	Individual time sheets and Employee names
Salary Fringes	Must be itemized at the same level of detail as in approved budget and at the same rates negotiated at contract award	Detailed information supporting fringe benefit amounts, such as insurance policies, etc.
Travel and transportation (including per diem)	Copy of the summary page of the travel voucher or other document(s) that was used to reimburse the person that traveled.	Airline ticket receipts, hotel receipts, meal receipts, etc.
Training	Description of the training received, who received the training, dates of the training, and cost of the training.	Conference registration receipts, payment vouchers, etc.
Equipment and materials greater than \$10,000 per item (non expendable)	Itemized description of the equipment, date of purchase, purchase cost, model number, and serial number.	Copies of receipts, freight bills, etc.

Line Item Description	Minimum Documentation Required:**	Generally Not Required unless the CO or COTR determines more detailed information is needed.
Computer-related equipment, boats, and motors (less than \$10,000, but more than \$1000 per item)	Itemized description of the equipment, date of purchase, and purchase cost.	Copies of receipts, freight bills, etc.
All other equipment less than \$10,000 but more than \$1000 per item	Summarize	Copies of receipts, freight bills, etc.
Equipment under \$1000 per item and Miscellaneous Supplies	Summarize.	Copies of receipts, freight bills, etc.
Operations, repair and maintenance (including computer services and publications)	Summarize what service was obtained and the cost.	Copies of payment vouchers, repair invoices, parts bills, etc.
Equipment Rental	Description of what was rented, dates or hours of rental, and rental rates and whether rates include operator.	Rental receipts, time sheets, etc.
Overhead/Other Indirect Costs	Rates shall be identified and applied consistent with the current rate negotiated by the Cognizant Audit Agency or by the CO.	Itemized lists or records of costs included in overhead or other indirect costs
Subcontracts (also include when work being billed was performed by subcontractor)	List subcontractor costs with the amounts paid to each subcontractor and the dates the work was performed. If subcontract costs are a major part of the contract, the subcontract costs shall be provided in the same detail as those required above for the prime contractor.	Same guidance as above.
Summary Financial Information	Provide a summary of the currently approved budget and cumulative expenditures to date for the contract period.	

****More detailed information may be required when certain situations occur such as those listed below where the CO and COTR determine more detailed information is needed: (this list is not intended to be all inclusive.)**

- Amounts billed are inconsistent with the negotiated budget, such as:
 - Fringe benefits are different than negotiated

- Labor category rates and/or categories are different than negotiated
- Equipment is different or costs more than negotiated
- Indirect cost rate is different than Cognizant Audit Agency current approved rate or CO negotiated rate, whichever is appropriate
- Budget line item is expended at a faster rate than expected based on Work Schedule
- Extensive line item transfer request are occurring
- Overcharges or other invoice abnormalities occur

(d) Non-itemized and/or incomplete billings will be returned to the contractor without processing for payment until a corrected invoice is received. Allowable costs shall be determined in accordance with the cost principles of OMB Circular_____.

(e) Additionally, invoices will be returned if:

1. The amount exceeds any established Accrual Limit (Spending Cap) or the contract award ceiling;
2. The invoice billing period is for work performed after the last day of the contract performance period;
3. The invoice includes a billing period that covers more than one fiscal year (i.e., work performed prior to September 30 should be billed on one invoice and work performed on October 1 or later should be billed on a separate invoice.)

(f) Adjustments

(1) Refunds, Rebates or Credits. Separate statements to BPA indicating a credit amount to be applied by BPA to offset future payments will no longer be accepted by BPA.

- Active/Current Contracts. Refunds or credits to BPA as a result of previous errors in billing, overpayments, or other rebates or refunds shall be applied by the contractor to the invoice submitted immediately following the identification of the need to issue a refund, credit, or rebate to BPA. The invoice where the credit or refund has been applied shall include an explanation of the reason for the refund or credit. Do not submit the refund or credit as a check or cash.
- Inactive/Closed Contracts. Refunds or credits to BPA as a result of previous errors in billing, overpayments, or other rebates or refunds shall be returned to BPA in the form of a check addressed to:_____. An explanation of the reason for the refund or credit shall be included with the check. Please do not submit cash.

(2) Corrected or Revised Invoices. If the contractor needs to correct or revise a previously submitted but not yet paid invoice, the contractor –agency shall note on the corrected or revised invoice: “Corrected/Revised Invoice – Corrects invoice #_____ previously submitted.” The revised invoice must have a new date.

(g) Final payment.

The Contractor shall submit an invoice marked "Final Invoice", promptly upon completion of the work. Upon approval of that invoice and upon the Contractor's compliance with all terms of this contract, the BPA shall promptly pay any allowable costs not previously paid.

(End of clause)

3. All contract renewals after October 1, 2003 will be unilaterally modified at the annual renewal date to include a clause that requires payments to be made by electronic funds transfer. The clause will be similar to the text shown below.

Principles of IGC Electronic Funds Transfer Clause:

(a) Payment Method. Payments under this contract, including invoice and contract financing payments, will be made by electronic funds transfer (EFT). Contractors are required to provide its taxpayer identification number (TIN) and other necessary banking information as per paragraph (c) of this clause to receive EFT payment.

(b) Contractor EFT arrangement with a financial institution or authorized payment agent. The Contractor shall designate to BPA, as per paragraph (c) of this clause, and maintain at its own expense, a single financial institution or authorized payment agent capable of receiving and processing EFT using the Automated Clearing House (ACH) transfer method. The most current designation and EFT information will be used for all payments under all BPA contracts, unless the BPA Vendor File Maintenance Team is notified of a change as per paragraph (d) of this clause. An initial designation should be submitted after award, but no later than three weeks before an invoice or contract financing request is submitted for payment. **Electronic Funds Transfer will only be approved to one EFT account number per Vendor name and location.**

(c) Submission of EFT banking information to BPA. The Contractor shall submit EFT enrollment banking information directly to BPA Vendor File Maintenance Team, using either SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form" or BPA's "Vendor Express Enrollment Form." These EFT enrollment forms are available either from the Contracting Officer (CO) or from the Vendor File Maintenance Team. If you have any questions or need assistance, please call the BPA "Vendor Hot Line" at (503) 230-4004. Submit completed enrollment form to the following address:

Bonneville Power Administration
ATTN: Vendor File Maintenance (EFT) – TLF-4
PO Box 3621
Portland, OR 97208-3621

(d) Change in EFT information. In the event that EFT information changes or the Contractor elects to designate a different financial institution for the receipt of any payment made using EFT procedures, the Contractor shall be responsible for providing the changed information to the BPA Vendor File Maintenance Team office. The Vendor File Maintenance Team must be notified 30 days prior to the date such change is to become effective.

(e) Suspension of Payment. BPA is not required to make any payment under this contract until receipt of the correct EFT payment information from the Contractor.

(f) EFT and prompt payment. BPA shall pay no penalty on delay of payment resulting from defective EFT information. BPA will notify the Contractor within 7 days of its receipt of EFT information which it determines to be defective.

(End of clause)

SECTION 6.3 INVOICE REVIEW AND APPROVAL

Note: The following Chapter will be revised and issued as final policy by September 30, 2003.

A. Introduction

COTRs must review and become familiar with BPI Appendix 14-A, Section 6, Acceptance and Payment. Before a contract payment can be made the COTR must certify that the work has been performed and that the amounts charged are reasonable for the work performed.

The COTR is not responsible for the accuracy of each item on the invoice. The COTR is only expected to apply a "reasonableness" check of the invoice. A review of the invoice, Work Schedule, and other financial data may provide information indicating reasonable progress, or lack thereof, on the project. If COTRs have questions about the allowability of a cost item, they should immediately contact the CO or Internal Audit staff.

B. General Policy

1. COTRs will certify invoices only if they have reasonably concluded that the invoiced work has been completed as required by the contract. This may be done by site visits or a phone call to the contractor.
2. COTRs will insist on conformance to what the contract specifically requires, not what the COTR may personally believe the contract should require.
3. COTRs will review invoices and supporting documentation to determine the reasonableness of direct charges to the contract.
4. COTRs are not required to audit invoices, but are expected to use **reasonable** efforts and best judgment in reviewing and approving invoices, including reasonable verification of mathematical accuracy and review of supporting documents.
5. COTRs shall require only the minimum supporting documentation identified the payment clause and shall obtain the approval of the CO and the Manager for Finance, Budget, and Information Technology (KEWB) before additional information is requested of the contractor. (See Specific Policy below.)
6. If COTRs do not know whether the work performed meets the contract requirements or if the charges are appropriate, they should contact the CO and/or the BPA Audit Staff for advice.
7. COTRs shall use the Exhibit 8, Checklist for the Review of Cost Reimbursement Contract Invoices found at BPI 14-A, to facilitate invoice reviews. (Copy attached at end of this policy section.)
8. COTRs shall review and accept or reject an invoice within 7 business days after receipt of a proper invoice. Contractors shall be notified immediately if there is a problem with their invoice. The COTR shall notify KEWB of an unacceptable invoice and KEWB will use Exhibit 7, BPI Appendix 14-A, Sample Notice for Improper Invoice, to notify the contractor of an unacceptable invoice.

C. Specific Policy

1. For cost reimbursement intergovernmental contracts, the contractor will supply an itemized listing of expenditures for each budgetary line item (See Section 6.2 D for standard payment clause.)
2. The COTR may require more detailed documentation, subject to the criteria in the payment clause (See Section 6.2 D) and the following process.
3. Before the COTR requires additional documentation from the contractor:
 - a. The COTR shall discuss the need for the additional information with his/her manager and the CO. If a central COTR Liaison has been established for the contractor, the Liaison should be consulted too.
 - b. The Liaison or the appropriate Fish and Wildlife Integrated Program Implementation Manager for that contractor shall discuss the need for the additional information with all the COTRs working with the same contractor
 - c. The Liaison and COTR's shall jointly develop a proposed strategy to address the problem in a consistent fashion with the contractor
 - i. Example 1 - if the problem is indicative of a systemic problem, all COTRs with the same contractor shall require the same level of supporting documentation on all invoices received from that contractor until the problem has been corrected.
 - ii. Example 2 – if the problem appears to be a one time oversight or error, the COTR shall request the additional information on the one affected contract only, but should continue to monitor the situation for evidence of systemic problems
 - d. The Liaison or appropriate Fish and Wildlife Integrated Program Implementation Manager shall obtain approval of the proposed strategy to address the problem from the CO and from the Manager for Finance, Budget, and Information Technology (KEWB) before implementing the strategy and requesting the additional information.
4. COTRs shall use the guidance below in determining whether a cost is reasonable and whether it is billable as a direct charge to the contract.
 - a. Are the costs charged of an amount and nature that could be reasonably expected to accrue when performing the work required of the contract?
 - b. Are the costs charged consistent with the pace of work described in the Work Schedule?
 - c. Is the purpose of the cost item specifically defined/required in the contract?
 - d. Is the cost item being used when the contractor's employee performs under the contract?
 - e. Does the contractor normally charge these types of costs directly to comparable contracts?
 - f. Is the cost item allowable? (See Section 6.1; OMB A-87; or BPI Appendix 13A)

If the answers to all of the above questions are yes, the COTR should **allow the costs** as a direct cost and approve the invoice.

If any of the answers is no, the COTR should **disallow the costs** as a direct cost and subtract the known amount from the invoice total. If the specific amount is not known, the invoice shall be rejected until such time as adequate documentation has been received and reviewed and approved or disallowed as described above.

BPI, Appendix 14-A
Exhibit 8 Checklist for the Review of Cost-Reimbursement Contract Invoices
(modified for F&W contracts)

Contractor: _____ Contract Number: _____
Invoice Number: _____ Date reviewed: _____
Billing Period: _____ to _____
F&W Project No. _____
Title of Project: _____

- ☐ Does the invoice have all contractually required data?
- ☐ Is the period of performance covered by the billing shown?
- ☐ Does the billing period duplicate a previously invoiced period?
- ☐ Do billing rates agree with those in the contract?
- ☐ Is the rate of expenditure during the billing period as expected, or is it unusually high or low?
- ☐ Are the number of hours billed a reasonable number for the accomplishments of the contractor for that period of time?
- ☐ Are the travel expenses reasonable for the amount of travel expected during the period of the billing.
- ☐ Are the total cumulative invoiced costs within the contract's Spending Cap?
- ☐ Are the equipment/supplies/materials invoiced as expected, or has something caused an unusual expenditure?
- ☐ Is additional funding beyond the present ceiling expected to be needed for this contract in the next three months?
- ☐ Are there direct costs not previously negotiated, such as extra materials, unanticipated travel, personal computers, etc.?
- ☐ After considering the questions above, the technical progress, and the financial information gained through the invoice review described above, is there any reason to expect other than satisfactory completion of the project/contract?
- ☐ Is there any reason to contact the Accounts Payable or CO concerning timely processing of this invoice?
- ☐ Are receipts or supporting documentation attached?

COTR Signature Date